

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

INTERNATIONAL BUSINESS MACHINES
CORPORATION,

Plaintiff,

vs.

DAVID L. JOHNSON,

Defendant.

09 Civ. 4826

**DECLARATION OF
MARK LOUGHRIDGE**

I, Mark Loughridge, declare as follows:

1. I am currently employed by International Business Machines Corporation ("IBM" or the "Company") as Senior Vice President and Chief Financial Officer. I am one of IBM's Senior Executive Officers.
2. I have been employed by IBM for 32 years and have served in my current position for five years. In my current capacity, I am responsible for the overall financial performance of the Company.
3. IBM is one of the world's largest technology companies. With approximately 400,000 employees working in locations around the world, IBM is a globally-integrated enterprise that targets the intersection of technology and effective business.
4. David L. Johnson has worked at IBM for more than 27 years, and is currently Vice President of Corporate Development. For the past five years, Mr. Johnson has reported directly to me.

5. For the past nine years, Mr. Johnson has been the head of IBM's Corporate Development group. The Corporate Development group is responsible for pursuing some of IBM's most important and most sensitive initiatives, particularly the Company's strategic planning and its mergers and acquisitions, divestitures and investment strategies. Through his efforts, Mr. Johnson has transformed the Corporate Development group into a top-tier mergers and acquisitions organization that is able to handle large acquisitions without the extensive involvement of outside financial advisors.

6. In recent years, acquisitions and divestitures have formed a crucial part of IBM's competitive strategy and financial performance. IBM engages in acquisitions and divestitures to complement and accelerate the Company's organic growth. By virtue of its strategic acquisitions and divestitures, all of which were led or overseen by Mr. Johnson, IBM has transformed its business, effecting significant increases in its margins, earnings and free cash flow. In the last five years alone, IBM has made 56 acquisitions that have significantly increased IBM revenue and profit growth, optimized performance and enabled IBM to offer superior products. To carry out those highly successful strategies, IBM expends significant resources identifying and analyzing the risks and benefits involved in potential transactions.

7. As the leader of the Corporate Development group, Mr. Johnson is responsible for managing IBM's transactions from start to finish. He and his organization are responsible for identifying potential transactions, evaluating transaction structures and economics, negotiating terms, overseeing transaction documentation and ultimately integrating acquired firms into IBM's business. Mr.

Johnson has been responsible for over 100 transactions over the past nine years. Those transactions, many involving billions of dollars, have affected the entire span of IBM businesses. They have included such crucial and transformative transactions as IBM's acquisition of the consulting business of PricewaterhouseCoopers and the divestiture of IBM's personal computer business to Lenovo. Mr. Johnson's responsibilities are global in scope. He has been responsible for transactions involving companies located in many different countries, including, for example, Canada, China and Israel.

8. As part of his job responsibilities, Mr. Johnson is aware of IBM's past, present and future business strategies and its competitive strengths and weaknesses. He knows about all of the acquisitions and transactions that IBM is considering. He also knows what IBM units are under consideration for divestiture. He knows in which areas, companies and technologies IBM will invest, at what times, with what expected rates of return, as well as information regarding potential divestitures. He also knows the transactions that IBM has considered and decided not to pursue, as well as the reasons for those decisions. This information lies at the heart of IBM's competitive strategies.

9. Mr. Johnson also leads IBM's Integration team, which is responsible for integrating acquired firms into IBM. The ability to integrate an acquired company is key to a successful acquisition. IBM's Integration team is renowned for its superb integration skills. The Integration team relies upon confidential and proprietary practices and information concerning, for example, assessment of organizational structure and individual performance and potential.

10. Mr. Johnson's knowledge of IBM's competitive plans is very extensive. He has been privy to all of IBM's strategic thought and planning for nearly a decade. In addition, as head of the Corporate Development group, Mr. Johnson has followed a practice of communicating regularly with the Company's development engineers and researchers to discuss new projects and future plans. In this manner, Mr. Johnson has created a network of key IBM employees from multiple business units and with broad-ranging commercial and technical expertise. He knows all of the significant participants in the development of IBM's business strategy and its technological innovation.

11. In addition, Mr. Johnson has numerous contacts in the financial industry. He has developed strong relationships with the banking sector as a result of his extensive mergers and acquisitions experience, and has relationships with all of the major banks. In addition, IBM provides for stewardship of key customer relationships as part of its Partnership Executive Program ("PEP", through which particular IBM executives are assigned responsibility for relationships with certain specified customers) and broad customer engagements with our sales and marketing teams. Mr. Johnson has been responsible for multiple significant customer relationships in the financial industry through these programs and engagements. All of Mr. Johnson's business relationships are valuable to the Company.

12. The confidential and strategic business information in Mr. Johnson's possession represents the product of IBM's extraordinary investment in both corporate strategies and technological development. Because such competitively sensitive information is vital to IBM's current and future business prospects, it is

carefully safeguarded and is not made accessible to the public, to our competitors, or even to most IBM employees. Most of the confidential information with which Mr. Johnson is thoroughly familiar is disclosed even to IBM employees only on a "need to know" basis. Based on my extensive knowledge of the subject matter involved, I do not believe that IBM's competitors can replicate from public sources the highly confidential information Mr. Johnson has learned over his career at IBM.

13. In addition, Mr. Johnson's knowledge of IBM's highly confidential business strategies and plans has significance and value for a time period longer than 12 months. For example, many of IBM's business initiatives take approximately three years to complete or to become public. IBM is still pursuing business initiatives that began over a year ago, that have not yet been disclosed. The need for secrecy with respect to such matters is just as imperative now as it was when the plan initiated. IBM would be irreparably harmed if knowledge of these initiatives were disseminated to a competitor or to the public.

14. Mr. Johnson recently informed me that he had decided to retire from his employment with the Company effective June 1, 2009, in favor of a new position with Dell Inc. ("Dell"). Based on the limited information Mr. Johnson shared with me, I understand that Mr. Johnson will assume the position of Senior Vice President of Strategy at Dell. If Mr. Johnson is permitted to assume employment with Dell, he will certainly use or disclose his extensive knowledge of IBM's secret business plans and strategies, and such use or disclosure will cause IBM extraordinary competitive harm.

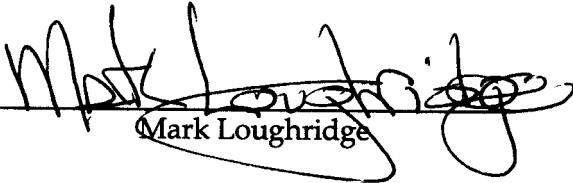
15. Like IBM, Dell is an important player in the world of technology. IBM and Dell compete in services, financing, large integrated systems, servers and storage. Moreover, to compete globally, Dell appears to be increasing its activity in the enterprise area, which is core to IBM's business, and it is therefore in increasingly fierce competition with IBM. Mr. Johnson, who is familiar with IBM's enterprise business and customers, would be well-positioned to assist Dell with its enterprise strategy.

16. Mr. Johnson is aware of IBM's assessment of Dell as a competitor and all of IBM's strategies for competing with Dell. Based on the confidential and strategic business information he has acquired at IBM, Mr. Johnson could identify acquisitions for Dell that could prevent IBM from making a strategic acquisition or otherwise interfere with implementation of IBM's strategies. Mr. Johnson also possesses extensive knowledge concerning IBM's assessment of its competitive vulnerabilities and its plans for addressing those vulnerabilities. If Dell were aware of this information, it could use that information to harm IBM. I believe that Mr. Johnson would be unable to perform his new responsibilities at Dell without divulging or using IBM's confidential information. The departure of Mr. Johnson for Dell would cause IBM irreparable harm.

17. Moreover, as a result of Mr. Johnson's comprehensive network at IBM, he could easily identify to Dell key IBM employees for Dell to consider hiring, to the detriment of IBM.

I declare under penalty of perjury that the foregoing is true and correct.

Executed: May 26 2009
Armonk, New York



Mark Loughridge